GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:4816
ANSWERED ON:28.04.2008
DEFENCE INDUSTRIES UNDER PSUs
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Will the Minister of DEFENCE be pleased to state:

(a) the steps taken by the Government to increase the production of defence related industries functioning under the private sector and public sectors separately;

(b) the success achieved as a result thereof; and

(c) the total value of defence production during the last three years, year-wise and the value of defence material imported during the said period, year-wise?

Answer

MINISTER OF STATE FOR DEFENCE PRODUCTION(RAO INDERJIT SINGH)

(a) & (b): Government has taken various steps to increase defence production in the country. In May 2001, the defence sector was opened up to 100% for Indian private sector participation with FDI permissible up to 26%, both subject to licensing. As on date, 80 Letters of Intent/ Industrial Licences have been issued to various Indian companies for production of defence items. Issues like shared development cost and minimum order quantity have been addressed in the 'Make' procedure notified as part of Defence Procurement Procedure-2006.

Government has taken steps like greater autonomy to profit making Defence Public Sector Undertakings (DPSUs) by according Nav-Ratna/Mini-Ratna status, delegation of administrative and financial powers to the DPSUs/Ordnance Factory Board (OFB) and promotion of in-house R&D by DPSUs/OFB.

Government has also included provisions relating to offset; maintenance, through Indian industry, of 'Buy' category of items procured from overseas sources and level playing field to Indian suppliers vis-Ã -vis foreign vendors to encourage defence production. Indian defence industries also get transfer of technology through the 'Buy & Make' process. All these provisions have been incorporated in Defence Procurement Procedure-2006.

As a result of the various steps taken by the Government, private sector has shown more interest in participation in defence production and the performance of the public sector in defence production has improved.

(c) As per Annexure-I (attached).